PATTERNS OF POWER

The Invisible Fist

Why the Market Is a Made Arrangement and Not a Law of Nature — How Force Sets the Positions the Market Works From, Why Its Outcomes Are Renamed the Verdict of Nature, and Why "Intervention" Only Ever Redirects a Force That Was Always There

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Preface

An earlier study traced the economic warrant as one of the great naturalising robes — the move by which a made arrangement is dressed as a fact of nature so that it can no longer be argued with. This study takes up that robe's central living claim and tests it to the bone: that the market is a *law of nature*, by which free and equal people, each weighing cost against benefit, arrive at outcomes that are nobody's will and so nobody's fault, beyond praise or blame or the reach of politics.

The claim is false in a specific, structural way, and even the founder of the discipline did not believe it — for Adam Smith, looking at the wage bargain, saw not equals meeting under a law of nature but a stronger party forcing a weaker into compliance with the help of the state. The market allocates only what is brought to it from starting positions it did not create and cannot justify; those positions were set by the settlement of who owns what, made and held by force. Its central bargain, the sale of labour, is struck between a party who can wait and a party who will starve, so the wage is the reading of an asymmetry of need, not a clearing price between equals. And the market is not the absence of state force but a particular deployment of it: property, contract, and the foreclosed commons are the state's fist, and the labour market itself had to be built by force — Hale's demonstration that the law compels the poor to starve, Polanyi's that laissez-faire was planned.

From there the argument turns on its hinge. If the market always ran on the state's force, then "intervention" is never the introduction of force into a force-free market but only a change in its direction — and the reforms that raised the floor beneath the worker were the state, for once, turning its fist from the owners' side toward the common people's. The study holds itself to the project's discipline: it grants that the market does real and irreplaceable work and must not be razed, that the redirected fist can be captured and abused as the owner's was, and that the single thing the argument proves is that the distribution was always a political choice and never a fact of nature. It leans on Smith, on Hale, and on Polanyi, each explained where used. It returns the question to politics. It does not answer it.

A Note on This Collaboration

As throughout, the spine is Thomas J. Bryan's — here, his argument that the "free market" is no law of nature but a man-made and force-skewed arrangement, that the iron law of wages renames a power relation as physics, and that government reform is not the introduction of force into a free market but the state, for once, raising the cost side of the owners' ledger on behalf of the common people. The model's work has been to articulate that argument with the rigour it deserves and to set it against the scholars who reached it from inside law, history, and economics — finding, as so often in this project, that the lived insight and the archive describe one structure.

The study keeps the project's disciplines with particular care, because the thesis is one many hold strongly on both sides. Where it leans on a scholar it explains the mechanism plainly. It steelmans the market it strips — granting the price system's genuine marvel and the metabolic ruin that follows tearing it out — and it holds the hardest counter-position, that the fist redirected toward the worker can be captured and abused exactly as the owner's was. It insists, with Hale, that to call an act coercive is not to condemn it, and that the argument proves only that the question was always political, never natural. It returns the choice to those who must live with it rather than making the choice for them. The whole is held as tested, not revealed.

The Argument in Eight Parts

I — The Claim of Nature. The deepest defence of the distribution is that no one chose it: the market is a law of nature, its outcomes nobody's will and so nobody's fault. Yet the founder of the discipline did not believe it — Smith saw the wage bargain as a stronger party forcing a weaker into compliance with the help of the state.

II — The Game on a Set Board. The market allocates only what is brought to it from positions it did not create. Every exchange begins from a distribution of who owns what, which the market takes as given and cannot justify — and that prior distribution was set not by exchange but by force.

III — The Meeting of Unequals. The free exchange between parties who may each walk away is a fiction at the transaction that matters most: the worker who must sell his labour or starve does not meet the owner who can wait as an equal. The wage is the reading of an asymmetry of need — Hale's law-made dilemma of starvation or obedience.

IV — The Invisible Fist. The free market is not the absence of state force but a deployment of it: property, contract, and the wage relation are constituted at every moment by the state's monopoly of violence, and the labour market itself had to be created by force — the enclosures, the poor law, Polanyi's planned laissez-faire.

V — The Robe: The Verdict of Nature. The made, force-held arrangement is renamed a law of nature — the iron law of wages, the spontaneous order — so its outcomes appear as nobody's doing. The tell of the robe is its asymmetry: it makes the force on the owners' side invisible and the force on the workers' side a scandal.

VI — Which Side the Fist Is On. Because the market always ran on the state's force, intervention is never the introduction of force into a force-free market but a change in its direction. The reforms that raised the floor beneath the worker — the protected strike, the wage floor, the outside option that was not starvation — were the state turning its fist, for once, toward the common people.

VII — What the Stripping Does Not Show. To strip the market of the robe of nature is not to condemn it, nor to license every intervention: the market does real and irreplaceable work, the redirected fist can be captured and abused, and the only thing proved is that the question was always political and never natural.

VIII — The Arrangement and the Law. There is no natural, force-free distribution beneath the arrangement to return to. Every distribution is held by the fist, so every distribution — including the one that calls itself the free market — is a choice. The robe's whole work is to hide that it is a choice; the work of seeing is to give the choice back.

A Note on Sources

This study joins an argument of the project's own to a line of scholarship that runs from the founder of economics through the legal realists to the economic historians.

The rigged bargain. That the wage is struck between parties whose interests are not the same, that the masters can hold out far longer than the workmen, and that the law authorised the masters' combinations while forbidding the workers', is Adam Smith's own, in "The Wealth of Nations" (1776), Book I, Chapter 8 — quoted directly, as a public-domain text. That the law of property compels the poor to starve, that the worker's freedom is the law-made dilemma of starvation or obedience, and that regulation redistributes rather than injects coercive power, is Robert Hale's, in "Coercion and Distribution in a Supposedly Non-Coercive State" (1923).

The market made by force. That laissez-faire was planned — that the self-regulating market was constructed and enforced by the state, the labour market created by enclosure and poor law, land and labour and money turned into "fictitious commodities" — and that social protection is the "double movement" by which society defends itself, is Karl Polanyi's, in "The Great Transformation" (1944); his work is paraphrased and credited. The iron law of wages and the naturalising of poverty are Malthus's and the classical economists', traced as a robe in this project's genealogy of the economic warrant; the spontaneous-order defence is associated with Hayek and Friedman. The New Deal statutes — the Wagner Act, the Fair Labor Standards Act, and the Social Security Act — are drawn from the standard record.

The lineage. Beneath all of it lies this project's own corpus — the floor of force, the settlement of who owns what, the cost column, the subsistence equilibrium of *Just Enough*, the metabolism and the metabolic trap, and the naturalising robe of the economic warrant — of which this study is the application to the central claim of modern economics.

PART I

THE CLAIM OF NATURE

That the deepest defence of the existing distribution is that no one chose it — that the market is a law of nature by which free and equal people, each weighing cost against benefit, arrive at outcomes that are nobody's will and so nobody's fault — and that even the founder of the discipline did not believe it

An earlier study in this project traced the economic warrant as one of the great naturalising robes — the move by which a made arrangement is dressed as a fact of nature so that it can no longer be argued with. This study takes up that robe's central living claim, the one that governs nearly every modern argument about wealth and poverty, and tests it to the bone. The claim is that the market is a *law of nature*. It says that economic outcomes — who is rich, who is poor, what the labourer is paid — are not chosen by anyone, but emerge from the free interaction of countless individuals each weighing cost against benefit, the way a price emerges or water finds its level; that the distribution which results is therefore no one's will and no one's fault, the impersonal verdict of supply and demand; and that any deliberate attempt to alter it is an *interference* with a natural mechanism, a thumb shoved onto a scale that was, until then, weighing fairly and by itself. This is the most powerful idea in the whole apparatus of legitimation, because it does not defend the distribution as *just* — it removes the distribution from the realm of justice altogether, placing it where the tides are, beyond praise or blame or the reach of politics.

The founder's confession

The quickest way to see that this claim is a robe and not a description is to notice that the man who founded the discipline did not believe it. Adam Smith, in the chapter of *The Wealth of Nations* on the wages of labour, looked directly at the supposed free and equal bargain between employer and worker and saw a rigged contest. The two parties' interests, he wrote, are by no means the same — the one desiring to give as little, the other to get as much, as possible — and it is *not difficult to foresee which party must, upon all ordinary occasions, have the advantage in the dispute, and force the other into compliance.* The masters win, Smith said plainly, for three reasons, and every one of them is a reason of *power*, not of nature: they are fewer and so combine more easily; "in all such disputes the masters can hold out much longer," for they can live a year or two on their stocks while "many workmen could not subsist a week"; and, most tellingly of all, the law itself is on their side, authorising the masters' combinations while it forbids the workmen's. The founder of economics, looking at the central transaction of the market, did not see equals meeting under a law of nature. He saw a stronger party forcing a weaker into compliance with the help of the state. This study is the working-out of what Smith saw and the tradition after him robed over.

PART II

THE GAME ON A SET BOARD

That the market can only ever allocate what is brought to it from positions it did not create — for every exchange begins from a distribution of who owns what, which the market takes as given and cannot itself justify, and that prior distribution was set not by exchange but by force

Begin with the logical structure of the claim, because its first flaw is visible before any history is brought in. A market is a mechanism for *exchange*, and every exchange begins from somewhere: from an existing distribution of who owns what, the endowments the parties bring to the table. The baker brings bread because he already owns it; the labourer brings only his hands because he owns nothing else; the landlord brings land. The market then shuffles these holdings around through trade, and may — under ideal conditions — shuffle them efficiently, in the sense that no further trade could make both parties better off. But notice what the market has *not* done and cannot do: it has not created, and it cannot justify, the *starting positions*. Even the economists' own celebrated theorems concede this precisely: a competitive market reaches an efficient outcome *given* an initial distribution of endowments — and the initial distribution is an input to the model, not an output of it, something handed to the market from outside, which the market takes as given and never explains.

Who set up the board

So the whole vaunted fairness and naturalness of market exchange is *conditional* — conditional on the justice of a distribution of starting positions that the market itself did not produce and has nothing to say about. The market is a game, and it may even be a fair game in the narrow sense that its rules are applied evenly to all players; but it is a game played on a *board that was set up before the game began*, with the pieces already placed, some players starting with most of the squares and others with none. And where did the board come from — who placed the pieces? Not the market, which presupposes them. The pieces were placed by the long process this project has called the settlement of who owns what: the division of the world's land and wealth and protected privilege among the armed, made and held by the floor of force, carried across the generations by inheritance and sanctified by belief. The distribution that the market takes as its God-given starting point is the frozen residue of conquest, enclosure, expropriation, and inheritance — of force, in a word, and of force's long memory. To call the outcomes of the market natural while taking its starting positions as given is to launder the violence that set the board by admiring the fairness of the play upon it.

PART III

THE MEETING OF UNEQUALS

That the model's free exchange between two parties who may each walk away is a fiction at the one transaction that matters most — for the worker who must sell his labour or starve does not meet the owner who can wait as an equal, and the wage is not a clearing price between equals but the reading of an asymmetry of need

Grant, for the moment, the starting positions, and look only at the exchange itself — for even here, at the transaction the model holds most sacred, the picture of free and equal bargaining dissolves on contact with the central case. The model imagines two parties, each free to walk away, each with alternatives, meeting to discover a price that benefits them both; and for many exchanges between roughly matched parties this is a fair enough picture. But the exchange on which the whole distribution turns — the sale of labour for a wage — is not between matched parties, and the mismatch is not incidental but structural. On one side stands the owner of the means by which life is made: the land, the factory, the capital, the job. On the other stands the man who owns none of these and therefore owns nothing but his own hands, which are worthless to him unless someone with the means will hire them. The owner can wait; the worker cannot. The owner, if the bargain fails, eats tomorrow as he ate today; the worker, if the bargain fails, does not eat at all.

The asymmetry the founder saw and the realist named

This is precisely the asymmetry Smith named — that the masters can hold out a year while the workmen cannot hold out a week — and it means the wage is not a clearing price struck between equals but the reading of a difference in *need*, a difference in how immediately each party will be ruined by no deal. The party who can walk away sets the terms; the party who will starve takes them. In the language this project built in its study of the subsistence line, the wage settles wherever the worker's outside option — his power to refuse, to leave, to wait — gives out, and for a propertyless man with nowhere to go and nothing stored, that point is very near subsistence. The legal scholar Robert Hale, looking at this in the nineteen-twenties, stripped the last veil from it. The worker's so-called freedom to accept or reject the wage, he showed, is the freedom to choose between the wage and starvation — and that is no natural fact but a thing the law constructs, for "while there is no law against eating in the abstract, technically the law compels the poor to starve." There is food in the world; the law of property forbids the hungry man to touch it except on an owner's terms; and so what is called his free choice to take the wage is, in Hale's exact phrase, the *law-made dilemma of starvation or obedience*. The freedom of the worker is the freedom to submit or to die, and a freedom of that shape is the name a power relation wears when it wishes to be admired.

PART IV

THE INVISIBLE FIST

That the free market is not the absence of state force but a particular deployment of it — for property, contract, and the wage relation are constituted and enforced at every moment by the state's monopoly of violence, and the labour market itself had to be created by force before it could be called natural

Here is the claim's deepest error, and the one this study is named for. The free market is imagined as the place where the state's force is *absent* — the realm of voluntary exchange that begins where coercion ends, so that to bring the state in is to introduce force into a previously force-free zone. This is exactly backwards. The free market is not the absence of state force; it is a particular, continuous, and largely invisible *deployment* of it. Consider what holds the market up. Property is not a natural fact about objects; it is a standing threat, backed by the state's monopoly of violence, to do harm to anyone who uses a thing without its owner's leave — and Hale saw that this threat is far larger than the simple right not to be robbed, for the law forbids the non-owner to so much as touch the owner's land, food, or machinery, even where his touching it involves no force at all. Contract is the state's promise to lend its courts and ultimately its police to the enforcement of certain bargains. Debt is a claim the state will collect. Behind every "voluntary" transaction stands the apparatus that makes the alternatives to it unbearable: the law that fences the field, locks the warehouse, and clears the trespasser off the land that might have fed him. The invisible hand, in short, rests upon a *visible fist* — the state's force, which constitutes the property and forecloses the alternatives that together make the "free" wage exactly as low as it is.

The market that had to be built

And this is not merely a matter of logic but of history, for the labour market — the supposed state of nature to which the economy would revert if only the state withdrew — had to be *created*, deliberately and often violently, by the state. The economic historian Karl Polanyi gave this its enduring formulation in the phrase "laissez-faire was planned." The self-regulating market, he showed, was not a spontaneous growth that the state left alone but a construction the state imposed, frequently against ferocious resistance. The propertyless wage-labourer who supposedly meets the employer in the open market did not fall from the sky; he was manufactured — by the enclosures that fenced the common land on which the poor had fed themselves and drove them off it, turning self-supporting commoners into men who owned nothing and so *had* to sell their labour or die; by the vagrancy laws that made it a crime for the dispossessed not to work; by the new poor law that deliberately made public relief more dreadful than the worst-paid job, precisely so that no man would choose it over the labour market. Polanyi's point about that reform was exact: the creation of a free labour market required, far from a withdrawal of the state, a dramatic *increase* in its repressive power. Land, labour, and money, he argued, are not real commodities at all — they were not produced for sale — and only the relentless action of the state forces them to behave as commodities. The market did not arise where the state stepped back. It was driven into being by the state stepping forward, fist first.

PART V

THE ROBE: THE VERDICT OF NATURE

That this made and force-held arrangement is then renamed a law of nature — the iron law of wages, the spontaneous order — so that its outcomes appear as nobody's doing; and that the tell of the robe is its asymmetry, which makes the force on the owners' side invisible and the force on the workers' side a scandal

Now the robe descends, and it does for the market exactly what the earlier study found the naturalising warrant doing everywhere: it takes this made, force-held, historically-constructed arrangement and renames it a law of nature, so that its outcomes appear as nobody's choice and nobody's fault. Malthus performed the first great act of this renaming, recasting the poverty and death of the labouring poor as the impersonal arithmetic of population pressing on subsistence — a law of nature, regrettable but inalterable, which poor relief could only worsen by encouraging the poor to breed. The classical economists fixed the subsistence wage itself as a natural quantity, the "iron law of wages," a price set by the mechanics of population as surely as the boiling point of water is set by physics. And the modern form of the robe is subtler and more powerful still: the market as a *spontaneous order*, a self-organising system whose outcomes carry an information no planner could match, so that to interfere is not merely unjust but *ignorant*, a vandalism against an intelligence greater than any reformer's.

The asymmetry that gives it away

It must be said at once, and held throughout, that this robe is woven partly from truth — for the price system *is* a genuine marvel, coordinating the dispersed knowledge of millions in a way no central plan has ever matched, and the market *does* real and indispensable work, the metabolic labour of an enormous society, which cannot be torn out without collecting the difference in ruin. The critique that follows is not that the market is a fraud or that its coordination is worthless; it is that the *naturalness* is a robe, and the robe can be detected by a single tell: its asymmetry. For the claim of nature is not applied evenhandedly to all the force in the system. The force that runs on the *owners'* side — the police that enforce the property, the law that fenced the commons, the magistrate Smith named who breaks the workers' combinations, the whole vast apparatus that forecloses every alternative to the wage — all of this is rendered *invisible*, folded into the neutral background, called simply "the market" or "the way things are." But let any force be applied on the *workers'* side — a law setting a wage floor, a protected strike, a tax that redistributes — and it is instantly visible, named, and condemned as *interference*, *distortion*, *coercion*, an unnatural thumb on a scale that was, we are told, weighing fairly by itself. The robe does not deny that force exists. It hides the force on one side and spotlights the force on the other. That asymmetry — invisible when it holds the existing distribution, scandalous when it would alter it — is the surest proof that what calls itself a law of nature is the dressed-up preference of whoever the existing distribution favours.

PART VI

WHICH SIDE THE FIST IS ON

That because the market always ran on the state's force, government intervention is never the introduction of force into a force-free market but only a change in its direction — and that the reforms which raised the floor beneath the worker were the state, for once, turning its fist from the owners' side toward the common people's

Now the conclusion that the whole argument has been driving toward, and the one that overturns the modern quarrel about the economy at its root. If the market never ran without the state's force — if property and contract and the foreclosed commons were the state's fist all along — then the thing called "government intervention in the free market" is not, and never was, the introduction of force into a force-free zone. It is only a change in the *direction* of a force that was already, and always, there. Hale put this with a precision that ends the argument: when the state regulates the economy, he wrote, it merely *redistributes*, rather than injects, coercive power — for the coercion was never absent, and reform only shifts whose side it serves. Polanyi described the same thing as a *double movement*: the construction of the unregulated market provokes, as its natural answer, a counter-movement by which society acts to protect itself — and the protective legislation of that counter-movement is not an alien intrusion upon the market but society's own response to the dislocation the market's construction caused.

The day the fist turned

Seen this way, the great reforms read entirely differently than the robe would have them read. For centuries the state's fist had been deployed almost wholly on the owners' side: enforcing the property, fencing the commons, breaking the strikes, jailing the combinations the law forbade to workmen but allowed to masters, compelling the dispossessed into the labour market by the workhouse and the vagrancy law. The reforms of the modern era — and the American New Deal is the clearest case — did not introduce force into this idyll of liberty. They *turned the fist*. The Wagner Act of 1935 protected the worker's strike and his union, which is to say it lifted the state's prohibition on the workers' combination that Smith had noted a century and a half before, and so handed the worker the one weapon — the credible, lawful threat to withhold his labour — that could make his own exploitation cost the owner something. The Fair Labor Standards Act of 1938 set a legal floor of minimum wage and maximum hours beneath which the bargain could not legally be driven, a floor under the subsistence line itself. Social Security and unemployment insurance gave the worker, for the first time, an outside option that was not starvation — a place to stand other than the owner's terms, which raised the price of his labour by raising his power to refuse. None of this was the introduction of coercion into a free market. It was the redirection of a coercion that had always been there, from the owners' side toward the workers' — the state, which had built and held the skewed arrangement for centuries, turning its fist for once toward the people at the bottom. To call that *interference* and the centuries of force that preceded it *liberty* is the robe doing its final and most consequential work. There was never a question of whether the fist would be used. There was only ever the question of whose side it is on.

PART VII

WHAT THE STRIPPING DOES NOT SHOW

That to strip the market of the robe of nature is not to condemn it, nor to license every intervention — for the market does real and irreplaceable work, the force redirected to the worker's side can be captured and abused as the owner's was, and the only thing the argument proves is that the question was always political and never natural

A claim this disenchanting must now be disciplined, or it becomes the mirror-image error of the robe it strips — a new dogma rather than a clearing of the ground. So it must be said exactly what this argument does and does not establish, and the boundary is sharp. To show that the market is a made arrangement, held by force and dressed as nature, is *not* to show that the market is bad, or that its outcomes are worthless, or that any given intervention against them is wise. Hale himself, who did more than anyone to expose the coercion beneath the market, insisted on the caveat that governs this whole study: "to call an act coercive is not to condemn it." Coercion, he saw, is not an aberration that good arrangements lack and bad ones have; it is the universal substance of all social order, present in every distribution, the owner's and the reformer's alike. The question is never whether to have coercion — that question is not available to anyone — but only how it shall be arranged.

The market is real, and the redirected fist is dangerous

Two things follow, and they cut against any triumphalism the argument might invite. The first is that the market does real work, and the robe's half-truth is a truth. The price system genuinely coordinates what no plan has matched; the market is, in this project's older language, a metabolism and not merely a parasite, performing the actual labour of allocation for a society too vast for any mind to hold — and the histories of the orders that tore it out wholesale, imagining that the distribution was all there was and the coordination would take care of itself, are written in famine. To strip the market of the robe of nature is precisely *not* to license its destruction; the metabolic trap is real, and the difference between remaking an arrangement and razing it is, here as everywhere in this project, the difference between reform and catastrophe. The second is that the fist, once it can be turned, can be turned by anyone, and toward anyone. The same state power that raised the floor beneath the worker can be captured by the owners again and lowered; the protective counter-movement can ossify into a cartel that serves insiders against outsiders; the redirection of force toward the common people can be invoked to justify a seizure that kills the metabolism it claimed to be healing. That the fist was always there does not tell us where it should point — and the man who concludes from this argument that *because* all is coercion, therefore any coercion he favours is justified, has simply put on the robe inside out. The single thing this study proves is narrow and large at once: that the question of the distribution was always a *political* question, a matter of whose side the force is on, and never the natural fact the robe declared it to be. It returns the question to politics. It does not answer it.

PART VIII

THE ARRANGEMENT AND THE LAW

That there is no natural, force-free distribution beneath the arrangement to which one might return — every distribution is held by the fist, and so every distribution, including the one that calls itself the free market, is a choice; the robe's whole work is to hide that this is a choice, and the work of seeing is to give the choice back to those who must live with it

Gather the argument and the market stands stripped of the one defence that made it unanswerable. It is not a law of nature but a made arrangement. It allocates only what is brought to it from starting positions that force, not exchange, set up. Its central bargain is struck between parties whom the prior distribution has made profoundly unequal, so that the wage is the reading of a difference in need and not a clearing price between equals. It runs, at every moment, on the state's force — the property, the contract, the foreclosed commons that constitute it — and its very existence had to be manufactured by that force against resistance. And the naturalness it claims is a robe, detectable by its tell, which renders invisible the force that holds the distribution and scandalous the force that would alter it.

Giving the choice back

The deepest consequence is the one that dissolves the modern argument entirely: there is no neutral, natural, force-free distribution lying beneath the arrangement, to which a society might *return* by simply withdrawing the state. Every distribution that has ever existed is held in place by force — the present one no less than any proposed alternative — and so every distribution is, inescapably, a *choice* about where the fist shall point and whom it shall serve. The distribution that calls itself "the free market" is not the absence of that choice but a particular instance of it: the choice to keep the force exactly where it is, holding the board as conquest and enclosure and inheritance arranged it. This is the whole work of the robe — to disguise a standing choice as a fact of nature, so that those who benefit from the present arrangement of the fist need never defend it, and those who suffer under it can be told that their suffering is no one's doing and beyond all remedy. And so the work of stripping the robe is not, in the end, to prove that the market is wicked or that any particular reform is right; it is humbler and more radical than that. It is to give the choice *back* — to make visible that there is a choice, that there was always a choice, that "leave the market alone" is itself a choice to keep the fist where it lies, and that the question of the distribution is therefore not a question for nature or for arithmetic but for the people who must live inside it. The subsistence line is not a law of physics; it is the reading of a ledger that force wrote and force can rewrite. What men made by force, men may by their politics remake — remake, not raze, for the metabolism is real and the razing collects its difference in death. The market is an arrangement, not a law. The fist is always somewhere. The only question, the one the robe exists to bury and this study exists to exhume, is whose side it is on — and that question belongs, by right, to everyone the arrangement holds.